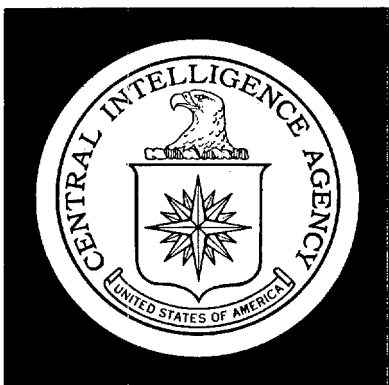


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State Dept. review completed

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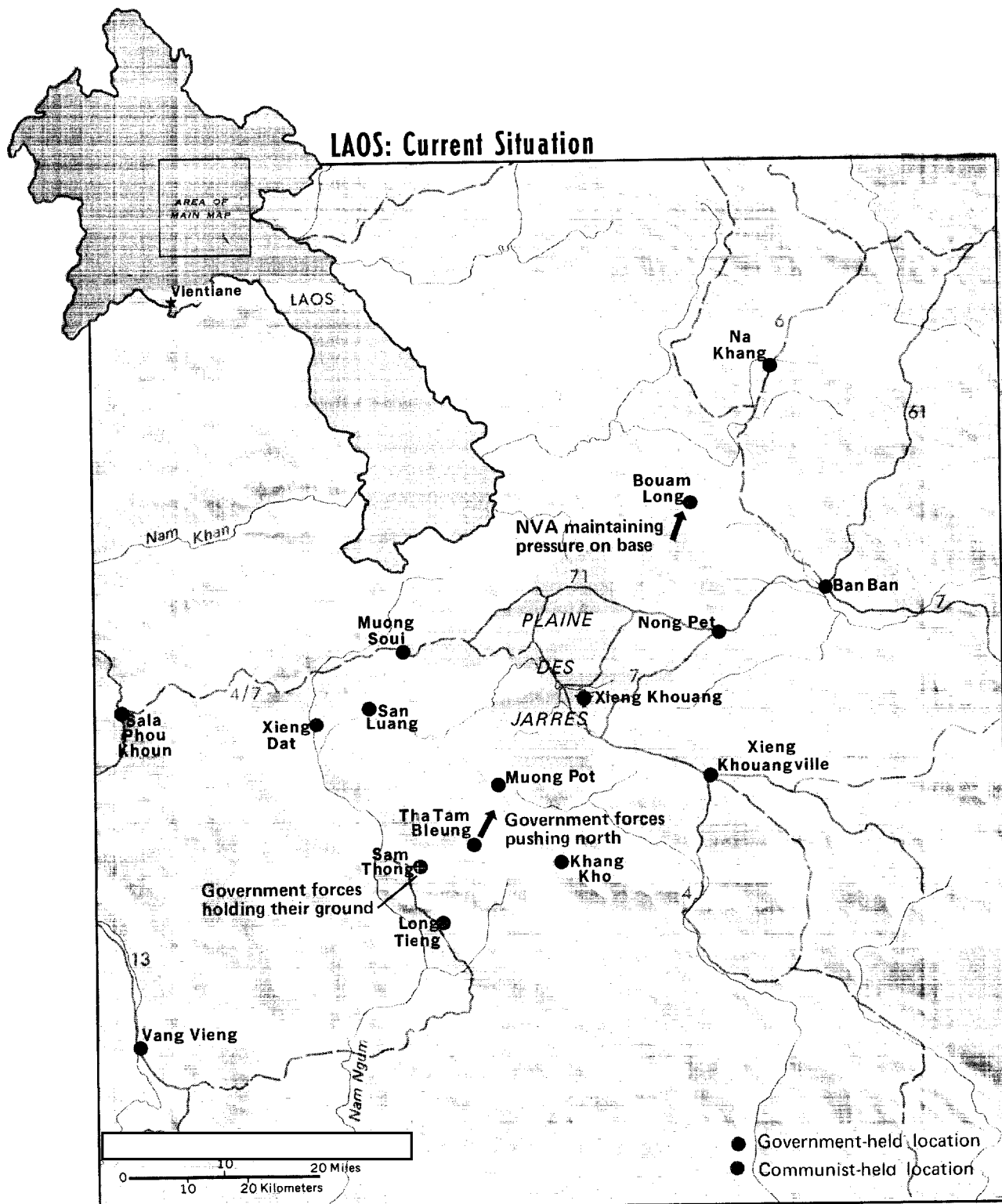
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Laos: Fighting has eased in the Sam Thong area, but the government's position there remains precarious.

Only minor skirmishing was reported yesterday, following an unsuccessful attack on the base by two North Vietnamese battalions on 12 April. Vang Pao's forces are still holding the Sam Thong airstrip as well as the surrounding valley, while the enemy commands the high ground to the north.

The interrogation of a captured North Vietnamese soldier illustrates some of the problems that have beset the enemy's offensive in northern Laos over the past few months. He claims that continuous combat has taken a heavy toll of his battalion's experienced troops and that it now consists mostly of trainees and a few experienced officers.

Despite these troubles, the battalion is still an effective fighting force. Two of its companies occupied part of Sam Thong in early April before being driven off. The battalion may also have been involved in the latest round of attacks against the base.

Government forces, meanwhile, have begun pushing north of Tha Tam Bleung. Advance elements have called in air strikes on a large enemy troop concentration near Muong Pot, while other government troops sweeping to the east have uncovered a sizable enemy cache of long-range rockets.

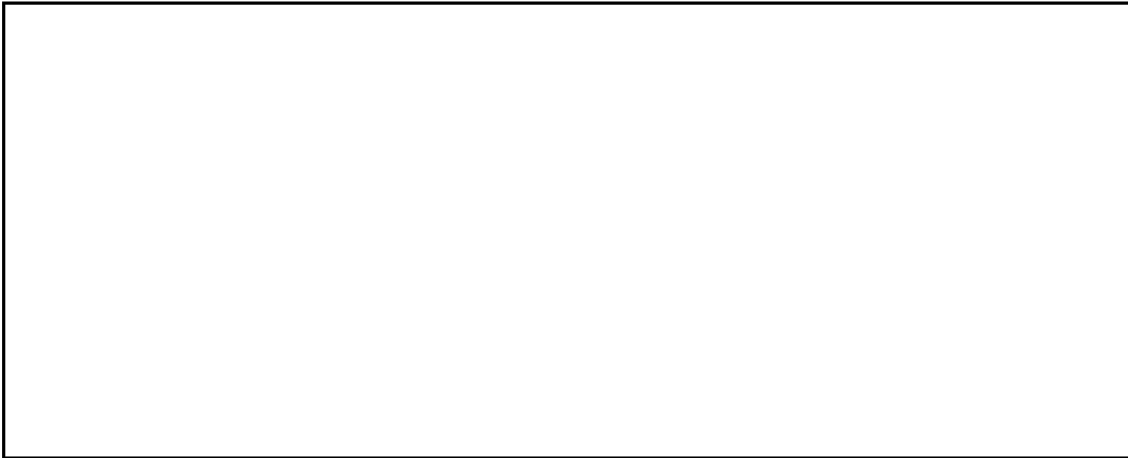
In other military developments, Communist forces are maintaining pressure against the government base at Bouam Long, north of the Plaine des Jarres. The base and its surrounding outposts remain under heavy weapons and artillery fire, as elements of the North Vietnamese 312th Division continue to close in.

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South Vietnam: Senator Don apparently has decided to test the government's tolerance of opposition once again.



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Don began to challenge the government on a broad range of issues last fall, and subsequently attempted to rally support from various opposition political groups.

Since returning from the US in February, however, Don had remained relatively quiet and appeared discouraged about his political prospects. Recently he has been recruiting electoral support in the northern provinces and now appears to be testing the political waters once again.



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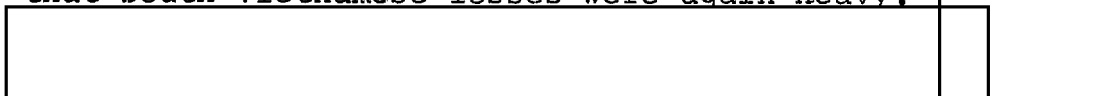
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The Communist rocket attack against downtown Saigon on 13 April was the first such attack since last December. Two South Vietnamese were killed and about 40 wounded when one rocket hit a theater. Another damaged a government building near the US Embassy but the other rounds had little effect.

Military activity elsewhere continues at a higher level than before the Communists started their spring campaign on 1 April. In the highlands the enemy probed the Dak Pek Special Forces camp for the second day in a row and attacked several other positions, including a compound near Pleiku that houses dependents of government Ranger forces.

Actions such as these are keeping allied casualties relatively high. Early reports indicate that 144 US troops were killed last week (5-11 April) and that South Vietnamese losses were again heavy.



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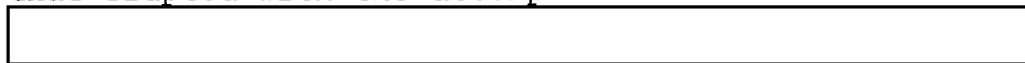
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Cyprus: Extremist proponents of union with Greece (enosis) are again active.

On the night of 9-10 April, the clandestine ultra-rightist National Front distributed leaflets in Nicosia threatening "severe reprisals" against enemies of Greece or of the armed forces of Cyprus. The leaflets called on the government to bring out the "true facts" of the assassination plot against President Makarios. They also claimed that a "political party" planned attacks on police stations during April, which would then be blamed on the National Front.

Other Greek Cypriot nationalist organizations have reacted favorably to the recent bellicose pro-enosis statements of the former EOKA commander, General George Grivas, who is now in retirement in Greece. These groups include the Cyprus Reserve Association and EOKA, the group of former guerrilla fighters against British occupation. The Cyprus Reserve Association demonstrated in favor of Grivas on 9 April and pledged continued dedication to the principle of enosis.

Resumption of the pro-enosis campaign will lead to renewed dissension among the various Greek Cypriot factions, and to new apprehensions among the Turks. A similar National Front campaign preceded the crisis that erupted with the attempt to assassinate Makarios.



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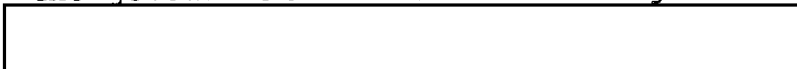
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Canada: Domestic reaction to Prime Minister Trudeau's proposed legislation on the prevention of Arctic pollution has been very favorable.

The Canadian press has been unanimous in support of the legislation, and has given it an anti-US slant. The Toronto Star on 10 April maintained that the Nixon administration is "angry" because it believes Trudeau "is using political pressure at home to blackmail the US on the Arctic." As it stands, the legislation would sharply limit US commercial freedom of action in the Canadian Arctic.

Having strengthened its public position at home, Ottawa may now be moving to reduce official frictions generated with the US over the issue. The government has stated that the legislation should not be considered anti-American, and has proposed that Ottawa and Washington enter into discussions to work out application of the proposed regulations that would govern the movement of vessels in the Arctic.

It is unlikely, however, that the Canadian position will move very far from the proposed legislation in any discussions. There is considerable public sensitivity in Canada on the issue as well as considerable parliamentary dissatisfaction with the government's earlier handling of the matter.



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Finland: The Finns apparently have decided to seek some kind of special trade arrangement with the European Communities (EC) as an alternative to the proposed Nordic Economic Union (NORDEC).

Early last week, Helsinki formally proposed the opening of negotiations with the EC in order to establish "commercial arrangements." Only a short time earlier, under strong pressure from Moscow, the Finnish Government decided not to sign the NORDEC treaty, on grounds that Finland could not adhere to the treaty at the same time that other NORDEC participants were seeking membership in the EC.

The Finns emphasize that their basic concern in approaching the EC is to minimize the damage to their trade that is likely to result from enlargement of the Common Market. Helsinki has stressed that all it hopes to do is resolve potential trade and economic difficulties and that it is not trying to become either a member or a formal associate of the EC.

In this new initiative, however, Helsinki will again have to deal with strong Soviet suspicions regarding any move that increases Finnish ties to the West. The Finns may hope that by stressing the low level and technical nature of the economic arrangements they seek, they will be able to overcome Russian opposition.



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Dominican Republic: Negotiations between the government and opposition parties designed to ensure participation in next month's elections have temporarily broken down. The bargaining has taken place in an atmosphere of mutual political distrust and reflects the uncertain situation that will probably prevail until the elections on 16 May. The US Embassy comments that with the opposition still threatening to abstain, chances are now better than even that President Balaguer will be unopposed if the elections are held. Balaguer has few, if any, qualms about proceeding totally unopposed. However, some parties, lured by political spoils, still appear likely to participate. [REDACTED]

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Venezuela-USSR: Venezuela has decided to delay re-establishing relations with the USSR. The outbreak of leftist terrorism throughout the hemisphere, particularly the murder of the West German ambassador in Guatemala, and pressure from business and military groups apparently were the reasons behind the government's decision. Negotiations on resuming relations have been going on for nearly two years, and a formal announcement was expected in the near future. [REDACTED]

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Uruguay: Terrorists, apparently belonging to the pro-Castro Tupamaros, yesterday assassinated the head of the special police unit that was recently formed to combat subversion. Two leftist newspapers claim the official was one of those responsible for alleged torture of suspected terrorists. He may in fact have been murdered in retaliation. This operation demonstrates that the Tupamaros retains the ability to carry out major terrorist actions although over 100 of its members are in jail. [REDACTED]

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Peru: US companies, apparently unable to obtain Export-Import Bank credits to finance the development of their Peruvian copper concessions, are turning to Japan and Western Europe for credit and equipment. Southern Peru Copper Corporation is negotiating for \$90 million in Japanese financing and some European financing for its Cuaajone mine project. Cerro Corporation, another company with large undeveloped concessions, is trying to form joint ventures with European companies. US mining companies, which could require as much as \$600 million to finance machinery and equipment for projects presently under consideration, view non-US participation in their investments as giving them additional protection against nationalization. [REDACTED]

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Italy: The balance of payments improved markedly in March with a surplus of \$76.4 million, but the over-all deficit for the first quarter of 1970 was \$746 million. The better position in March could facilitate the government's approach to domestic problems. The improvement resulted from a number of measures taken to reduce the loss of capital from the country. The current account, which was in unusual deficit earlier in the year, probably also improved as the worst effects of last fall's strikes on the trade account were worked off.

The balance of payments in the next few months is unlikely to return to the excessive deficits of January and February. Seasonal factors will improve the current account position and, barring any major government crisis, capital outflow should be contained at lower levels. [REDACTED]

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